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BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D. C.

DEPARTMENT OF TRANSPORTATION
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DOCKET SECTION

U.S - TORONTO SERVICE
PROCEEDING

Docket 50168

**MOTION OF TRANS WORLD AIRLINES
TO COMPEL
AND TO SHORTEN ANSWER PERIOD**

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March 16, 1995

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TWA hereby moves that the Department require Continental, Delta, Northwest and USAir to provide the information required by the Department's Evidence Request in Order 95-2-57 with respect to revenue that will be diverted from existing services of each carrier. TWA also requests that the Department shorten the time to answer this motion so that the parties may provide the necessary information in time to allow rebuttal according to the schedule established by the Department. In support of this motion, TWA states as follows:

1. The Department has established as the key issues in this proceeding "the effects of the applicant's service proposals on the overall market structure and the level of competition" and "which

carriers will be most likely to offer and maintain service that provides the maximum benefits to the traveling and shipping public” (Order 95-2-57, pp. 4-5). To help it determine this, it specifically required that the applicant’s forecasts include “the *net* revenue anticipated from the proposed service for the forecast year” (Appendix A, p. 3 (emphasis added)).

2. The issue of self-diversion is clearly relevant to the question of which carrier will have the maximum competitive impact and provide the most new service benefits to the public. While the Department no longer uses potential self-diversion as the sole basis for denying route applications, as it did in the days of regulation, it does use such calculations as indicators of the net gain in public welfare that a new route award will provide. Therefore, it is entirely reasonable that the Department require forecasts to be based on changes in net revenue, which will reflect the incremental benefits that each applicant would provide. However, despite the Department’s direction, and the traditional provision of self-diversion estimates, none of the other applicants have provided such estimates’.

3. Delta’s revenue forecast contains no estimate for self-diversion (**Ex. DL-402**). Its **traffic** forecast bases market shares on comparable markets for Atlanta, and standard QSI methodology for all other markets. Its QSI methodology may implicitly assume that Delta will continue to carry some **traffic** over other routings, but Delta does not show how much **traffic** is diverted to the Atlanta nonstop from such routings. Moreover, Delta has failed to comply with the evidence requirement that it “include any anticipated **traffic** changes in other markets on the applicant’s existing system in which service will be

¹ TWA explained in Exhibit TW-400 that it does not expect self-diversion because it does not now serve Canada.

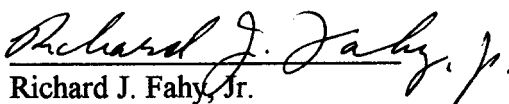
altered as a result of the proposal in this case” (Appendix A, p. 3). Delta will reduce PIT-YYZ service from four flights daily to two (**Ex. DL-T-1, p. 2**), but has failed to explain the **traffic** impact of such change.

4. The other applicants -- Continental, Northwest, and **USAir** -- have all used variants on QSI methodology, but none have adjusted for the passengers whom they would divert from their existing services. This is particularly important for Northwest and **USAir**. Nearly half Northwest’s traffic in its exemption application already had service from Northwest over its Detroit hub (**Ex. TW-R-47, D. 50049**). Similarly, nearly **half USAir’s** passengers were in markets in the Eastern United States that it already served via other hubs (**Ex. TW-R-35, D. 50049**). In both cases, the claimed benefit of new service must be measured against the carrier’s ability to carry much of the same traffic via existing routings. It is essential, therefore, that all applicants be required to submit self-diversion estimates that can be tested by rebuttal exhibits.

5. TWA has served this Motion by fax upon the applicants in this proceeding. It requests that the Department require answers to this motion by Monday, March 20, 1995, so that the Department can rule immediately thereafter. Rebuttal exhibits are due on April 5, 1995. If the parties submit **self-**diversion estimates by March 27, other carriers will have ten days to prepare appropriate rebuttal exhibits.

WHEREFORE, TWA **respectfully** requests that the Department require answers to this motion by March 20, 1995, and submission of estimates of the net benefits of applicants' proposals, including self-diversion, by March 27, 1995.

Respectfully submitted,



Richard J. Fahy, Jr.

Attorney for
Trans World Airlines, Inc.

March 16, 1995

CERTIFICATE OF SERVICE

I certify that I have on this day served a copy of the foregoing Motion of Trans World Airlines, Inc. upon all parties named on the attached service list via first class mail, postage prepaid.


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March 16, 1995

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